performance was reviewed by it in July-October, 2002. Even earlier there were some disturbing developments. RBI initiated corrective action and provided an opportunity to GTB management to infuse capital. When these efforts failed, on the recommendations of RBI, Govt. placed GTB under an order of Moratorium on 24.07.2004. Later, the Bank was merged with Oriental Bank of Commerce through an amalgamation scheme which was notified on 13th August, 2004. This was done to prevent collapse of GTB and to safeguard the interests of depositors and the trust of the customers in banking industry.

(c) In order to avoid the recurrence of such failures in future, RBI has taken several steps which, *inter-alia,* include inroduction of capital adequacy standards on the lines of the Basel norms; prudential norms on asset classification, income recognition and provisioning; introduction of valuation norms and capital for market risk for investments enhancing transparency and disclosure requirements for published accounts; aligning exposure/ Capital market exposure norms; introduction of off-site monitoring system and strengthening of the supervisory framework;/introduction of Risk Based Supervision for banks and introduction of a framework for prompt corrective action.

Modification of Rules for Promoting Foreign Investments

1924. SHRI KALRAJ MISHRA: Will the Minister of FINANCE be pleased to state:

(a) whether in order to attract foreign investment, Government have decided to make certain amendments in the relevant rules to dispense with the requirement for foreign investors to a "No Objection" Certificate from Indian counterparts before making fresh investments;

(b) whether with this change in the rules, the intending foreign investors can issue fresh shares through automatic route without clearance from foreign Investment Promotion Board; and

(c) what other modifications in the rules have been made for promoting foreign investments by way of FDI and FIIs?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) No. Sir.

(b) Does not arise.

(c) With a view to make the environment in India more attractive for foreign investors,it has been decided to simplify the procedure vide Press Note dated 29th September, 2004 by placing the transfer of share from residents to non-residents with certain conditions, conversion of external commercial borowing into equity and increase in foreign equity participation by fresh issue of shares/conversion of preference share, under the General Permission route (i.e. RBI route) instead of existing Government approval route (i.e. FIPB route) for speedy investment approvals.

The issue of extension of validity of foreign collaboration (FC) approval in Government was reviewed and it has been decided that:

(i) Stipulation of specific validity dates for FC approvals for class of cases in sectors which are on automatic route, may be dispensed with. Being now on the automatic route, the investor may bring in capital when they like, regardless of earlier (initial) FIPB stipulations to bring in investment within a certain date; and

(ii) Class of cases which are not yet on the automatic route, for existing approvals extension of validity should not be insisted. In respect of fresh FIPB approvals, stipulation of specific validity dates for FC approvals has been dispensed with.

Curtailment of Government Expenditure

1925. SHRI R.P. GOENKA:
SHRIMATI MAYA SINGH:
SHRI KALRAJ MISHRA:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that recently some directions have been issued to various Central Government Departments to adopt certain austerity measures in official expenditure so as to bring about savings of more than Rs. 2000 crores annually;

(b) if so, the details thereof, including the centralized monitoring mechanism established to help achieve the desired level of savings through various Departments; and

(c) the details of steps taken to check any deterioration in services provided by the concerned Departments while implementing the expenditure compression measures?